

Illinois sales of Krugerrands in a nose dive

By Roger Boye

Sales of South African Krugerrands have all but died in Illinois, judging from the reports of eight coin dealers.

Those pros attribute the plunge to a new sales tax law that took effect in January and to publicity about a bill in Congress that would ban the importation of Krugerrands. Many lawmakers see the one-ounce gold coin as a symbol of South Africa's apartheid racial policies.

"A year ago we sold 10 Krugerrands to every one maple leaf [a one-ounce gold coin from Canada]," said a Chicago dealer. "Today the situation is reversed."

Others have recorded similar results. At a suburban coin store, Krugerrands make up less than 5 percent of all bullion coin sales versus 75 percent a year ago. And Springfield dealer James Hausman said on June 20 that he hadn't sold a Krugerrand in more than two months.

Illinois legislators put the Krugerrand at a competitive disadvantage when they voted last December to eliminate the state sales tax from the sale of all coins, except the Krugerrand.

"That 7 percent tax is a great deal of money for people to make up if they want to sell at a profit," said Jack Jensen, vice president of Numisco, Inc. in Chicago. "Illinois residents aren't buying Krugerrands anymore, at least not in Illinois."

In other states, Krugerrand sales also have dropped but apparently not as much as in Illinois, judging from stories in the hobby press. For example, the owner of a large coin store in Winchester, Ind., told Numismatic News that he is selling three maple leaves for every one Krugerrand, a dramatic shift from the situation of just three months ago.

Meanwhile, a longtime Chicago dealer said he is advising customers to trade their Krugerrands for other bullion gold coins, such as the maple leaf.

On June 5, the U.S. House voted to ban the importation of Krugerrands, although the bill does not prohibit the sale of Krugerrands already in this country.

Since the 1970s, Krugerrands have been the world's most widely sold gold coin. In 1984, South Africa controlled about two-thirds of the international bullion coin market, compared to Canada's 27 percent. Of course, the maple leaf's share likely will increase significantly when 1985 figures are compiled.

A footnote: Several dealers interviewed for this article asked that their names not be used.